

Ability to pay will count

Health care costs to increase

By Sandra Ambrose
staff writer

How much consumers are willing to pay for good health may determine the level of future health care available in Michigan and elsewhere.

That's the opinion of Richard T. Young, who recently was named president of the Michigan Osteopathic Hospital Association (MOHA) and also works as vice president of Greater Detroit Community Hospitals Inc.

"What kind of health care do we as a society want and need? If we want what we've got, then it's going to be expensive," said Young, a Westland resident who has spent most of his working lifetime in hospitals.

Young, now 34, began learning about health care when he started working as a volunteer orderly at St. John Hospital, Seven Mile and Mack, at 15.

"When I was old enough to be paid, they hired me," said Young.

His study of health care systems continued at Columbia University, New York, where he received a master's degree in hospital administration in 1972.

Now he works as the general manager for Detroit Osteopathic Hospital, a 305-bed facility in Highland Park, and represents the two dozen osteopathic hospitals in the state as MOHA's president.

COST IS THE number-one issue facing hospitals, Young said.

"The cost of health care is very expensive. There are a number of reasons for that."

"The cost of technology in place in every institution to provide certain specialized skills makes health care more expensive as a result," Young said.

Young believes that osteopathic hos-

pitals provide health care at a lower cost than other hospitals do.

"Our tendency is to provide more of a community-type service as opposed to highly specialized care. For instance, my institution (Detroit Osteopathic Hospital) is the only one in Michigan that does open-heart surgery."

"The osteopathic profession is oriented toward community medicine and family practice. As a result, our hospitals are somewhat smaller."

The lower cost-per-patient of community hospitals is one of the arguments their officials have used in bargaining with the Comprehensive Health Planning Council of Southeast Michigan (CHPC-SEM).

CHPC-SEM, a federally financed agency, is charged with developing a plan to reduce the number of hospital beds in southeast Michigan. The number of "excess beds" in the area is determined by a state committee.

According to theory, reducing the number of beds in area hospitals will force some to either close or to consolidate. That, say health planners, ultimately will reduce the cost of health care.

THE MOHA has provided a means for osteopathic hospitals to face the issue "in unified action," Young said.

"This is probably the most significant example of our association working well. Looking at the group of 10 osteopathic hospitals in southeastern Michigan, we used their history of census (percentage of beds filled during the year) and services provided to come to a conclusion on what was our fair share (of excess beds)."

The result was an amendment to the public health act changing the formula for the number of excess beds. But there were other practical and

emotional problems with the plan to cut down on the number of available beds in the area, Young said.

"The other big issue is why do we have to leave my community to get the health care I need?" That's what would happen if the smaller, community hospitals were forced to close, Young said.

"Everyone wants the best available, highest quality, most up-to-date service when in need. That's when (health care) becomes a personal issue."

THE OVERALL cost of health care in Michigan isn't excessively high, Young said.

According to American Hospital Association statistics quoted in the March issue of Michigan Hospitals, hospital costs rose 10.3 percent for 1979-80, compared with a Consumer Price Index rise of 15.9 percent. Michigan hospitals also ranked as fifth lowest in cost increases.

Community hospitals in Michigan ranked as having the third lowest cost increases for the same period, according to the Michigan Hospital Association.

Still, hospital administrators are asking "Are there ways to lower the costs and still maintain the quality of service," said Young. "The answer is probably no."

"The dilemma is what do you eliminate, cutwise, that will impact quality the least."

YOUNG BELIEVES Michigan stands out in cost containment because of a Blue Cross prospective reimbursement program.

"We think it has been very effective (in holding down costs). Currently, the federal government is considering a similar program for Medicare that would reduce our payments by two percent. Therefore, we would be paid 98 percent of what it costs us to provide health care."

"It doesn't take a whole lot to figure

out that's not too workable."

Young expects the federal government eventually to institute a reimbursement program based on cost containment that will feature many of the provisions of Michigan's program.

Limiting the growth of hospitals in the future, Young said, will be the stable population figures and possibly the emphasis of the Reagan administration on competition in the health care field.

"The competition idea is an interesting one. In essence, as a consumer, you would be given a basic health insurance package with the option of adding better coverage. Or, you could decline the basic coverage, subscribe to a lesser plan and get cash back, gambling that you won't be ill."

"Providers, in effect, would be forced to compete for consumers, but I'm not sure they can insure quality (under that plan)."

CONSUMERS, HOWEVER, can expect to see area hospitals develop their marketing strategy with new services.

"Hospitals more and more feel that they truly are community resources with opportunities to provide health education, health promotion and disease avoidance."

A hospital is usually one of the largest, most stable employers in a community, he said. Peoples Community Hospital Authority, which includes Ann Arbor in Wayne as well as four other hospitals, is one of the 10 largest employers in the state, Young said.

"We're coming to grips with the social role we've got. There's more to being a hospital than being a lodging place for sick patients. If we're interested in health, we ought to do the things that insure the health of the community."

Michigan has the largest number of osteopathic hospitals, doctors and does more medical education for osteopaths than any other state, he said.

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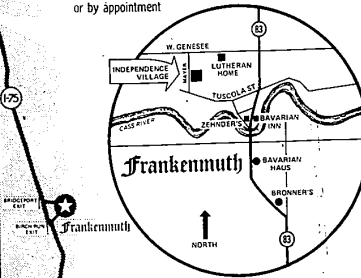
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